

**FINAL REPORT  
OF THE BOARD FOR THE  
COORDINATION OF  
CHILD CARE REGULATION**



**Indiana Legislative Services Agency  
200 W. Washington St., Suite 301  
Indianapolis, Indiana 46204-2789**

**November, 2000**

# **Board for the Coordination of Child Care Regulation**

## **Membership Roster**

### **Senators**

**Connie Lawson, Chair  
Danville**

**Rose Ann Antich  
Merrillville**

### **Representatives**

**Mary Kay Budak  
LaPorte**

**William Crawford  
Indianapolis**

### **Lay Members**

**Don Amos  
Columbus**

**Kimberly Tracy Armstrong  
Brownsburg**

**Ellen Clippinger  
Indianapolis**

**Marsha Hearn-Lindsey  
Indianapolis**

**James Hmurovich  
Indianapolis**

**Carol Johnson  
Muncie**

**Sharon Pierce  
Indianapolis**

**Nathan Samuel  
Jeffersonville**

**Barb Schuck  
Indianapolis**

**Sven Schumacher  
Indianapolis**

**Cheryl A. Seelig  
Noblesville**

**Mara Snyder  
Indianapolis**

**Judy Ganser  
Indianapolis**

### **Legislative Services Agency Staff**

**Dave Hoppmann, Fiscal Analyst**

**Carrie S. Cloud, Staff Attorney**

A copy of this report is available on the Internet. Reports, minutes, and notices are organized by committee. This report and other documents for this Board can be accessed from the General Assembly Homepage at <http://www.state.in.us/legislative/>.

## **Board for the Coordination of Child Care Regulation**

### **I. STATUTORY DIRECTIVE**

The Indiana General Assembly enacted legislation (IC 12-17.2-3.1) directing the Board for the Coordination of Child Care Regulation (the Board) to study the following topics:

- (1) The need for changes in the scope and degree of child care regulation established by statute or rule, or both.
- (2) The need to reorganize governmental units involved in the regulation of child care facilities to promote effective and efficient child care regulation, including the form that a needed reorganization should take.
- (3) A method for the completion of a statewide needs assessment to determine the availability and projected need for safe and affordable child care.
- (4) The need for programs to meet the needs of Indiana residents if the Board determines that safe and affordable child care facilities are not available and easily accessible to Indiana residents.
- (5) The effect of pending and enacted federal legislation on child care in Indiana and the need for statutory changes to qualify for federal child care grants and to comply with federal child care requirements.

### **II. INTRODUCTION AND REASONS FOR STUDY**

The Board met to carry out its responsibilities to study child care as outlined in IC 12-17.2-3.1-11. The Board originally expired on November 1, 1997. It was then recommended in the 1998 final report of the Interim Study Committee on Family Law Issues to reestablish the Board for a two-year period beginning July 1, 1999, and ending July 1, 2001.

Public Law 211-1999 requires the Board to study laws governing the regulation of child care, and to make recommendations to the General Assembly concerning changes in the law that the Board finds appropriate. The Board will expire on November 1, 2001.

### **III. SUMMARY OF WORK PROGRAM**

The Board met five times and heard testimony from approximately 15 witnesses.

#### *First Meeting*

The first meeting of the Board held on July 25, 2000 focused on the following topics: 1) changes in the Capital Access Program as a result of P.L. 227-1999, and bond issues by the Indiana Development Finance Authority; 2) child care funding; 3) the waiting list for child care vouchers; 4) professional development; 5) child care needs assessment; 6) minimum standards for funding; 7) Class I and Class II child care homes; 8) child care playground safety; and 10) immunization requirements.

### *Second Meeting*

The second meeting of the Board held on August 28, 2000 focused on the following topics: 1) child care expenditures and child care playground safety; 2) Teacher Education and Compensation Helps (TEACH) Early Childhood Project; 3) Latch Key Program; 4) IDFA's child care bond program; and 5) establishment of the Board's informal workgroup. The Board also heard public testimony.

### *Third Meeting*

The third meeting of the Board held on September 25, 2000 focused on the following topics: 1) immunization requirements; 2) child care expenditures; 3) minimum standards for funding; 4) eligibility for child care subsidies; 5) Latch Key Program; 6) child care licensing in Indiana; 7) national health and safety performance standards; 8) programs promoting children's health and safety in child care settings; and 9) special needs children. The Board also heard public testimony.

### *Fourth Meeting*

The fourth meeting of the Board held on October 17, 2000 focused on the following topics: 1) Class I and Class II child care homes; 2) minimum standards; 3) seclusion and restraint in residential child care facilities, and pending federal legislation on restraints and seclusion; 4) Subsidies for Child Care; and 5) committee and public discussion of proposed legislation and recommendations.

### *Fifth Meeting*

The fifth meeting of the Board held on October 23, 2000 focused on the review and adoption of the final report.

## **IV. SUMMARY OF TESTIMONY**

The following organizations were either discussed or represented via testimony at the Board's five meetings: 1) Family and Social Services Administration (FSSA); 2) Indiana Development Finance Authority (IDFA); 3) Department of Education (DOE); 4) Provider's Link Association; 5) Teacher Education and Compensation Helps (TEACH) Early Childhood Project; 6) National Recreation and Park Association; 7) National Program for Playground Safety; 8) National Playground Safety Institute; 9) U.S. Consumer Product Safety Commission; 10) Riley Hospital for Children; 11) Marion County First Steps and Step Ahead Programs; 12) Indiana University's Early Childhood Center; 13) Indianapolis Public Schools; 14) Bridgepointe Center; 15) IARCCA an Association of Children and Family Services; and 16) various private child care providers.

### **Capital Access Program**

(IDFA) was contacted to explore the possibility of Capital Access Program and Childcare Bond Program monies being used to fund playground equipment standardization improvements.

IDFA gave an overview and update of these two economic development finance programs, and briefly addressed the possibility of using the monies by child care facilities to bring playground

equipment into compliance with Federal guidelines. It was discussed that participating banks determine if monies can be used for playground safety, and that IDFA does not currently have grant monies available for playground safety.

### **Child Care Funding**

FSSA provided a complete breakdown (by source) of total child care expenditures for federal FY 1999 (\$165 M) while illustrating the manner of disbursement and restrictions. It was determined that these expenditures are primarily funded through three sources: 1) the Child Care and Development Fund Block Grant (CCDF); 2) Indiana's Temporary Assistance for Needy Families Block Grant (TANF); and 3) the Social Services Block Grant (SSBG). In addition, FSSA provided the criteria for each of these three funding sources.

### **Waiting Lists**

FSSA reported that last year at this time, approximately 10,800 individuals were on a waiting list for child care vouchers funded through CCDF. In addition, it was determined that the \$39.7 M in TANF monies made available to Indiana families in need of child care has eliminated the waiting list problem. FSSA added that it is nonetheless monitoring child care voucher conditions on a quarterly basis and reallocating funds when necessary to maintain the waiting list at a minimal level.

### **Professional Development**

FSSA reported that last year, a total of 416 scholarships have been awarded to child care professionals through the "Teacher Education and Compensation Helps Early Childhood Program" (TEACH) to help defray the cost of earning degrees in childhood development. The Board asked that the director of TEACH provide the Board with additional information.

The director of TEACH gave a brief overview of TEACH and stated that: 1) scholarships are available for family child care providers and for child care center teachers and directors; 2) scholarships are funded by the Indiana Child Care Fund, Inc. (a partnership between interested child care public and private entities); 3) approximately 650 scholarships have been awarded in 73 different counties (as of August 25, 2000); and 4) there is currently no waiting list regarding scholarship application.

### **Child Care Needs Assessment**

The Board discussed FSSA's Child Care Needs Assessment that is currently being formulated by the *IU Center for Survey Research*, and asked to see a draft of the survey tool when completed. FSSA stated that as soon as a draft has been developed, it will provide a copy to the Board, and that the study findings should be available in early 2001.

### **Minimum Standards**

FSSA reported that a minimum standards survey has been completed by FSSA regarding child care providers who accept vouchers, and that summary results are currently available.

The Board discussed why certain counties have not adopted minimum standards. It was determined that the adoption of minimum standards is voluntary but encouraged for Step Ahead Councils. The Board discussed the possibility of requiring minimum standards in order to receive government subsidies. General discussion then took place regarding which minimum standards are the most difficult or expensive to adopt, as well as discussion regarding financial assistance to implement minimum standards.

FSSA stated that it would contact the counties in question to find out why they are not adopting minimum standards, and will present its findings to the Board during the fourth meeting.

During the fourth meeting, FSSA stated that in response to its recent intervention, the eight counties currently not yet adopting minimum standards have pledged to do so, and have earmarked CCDF funds to move forward with adoption for the next fiscal year. FSSA added that the public forum process will take place beginning sometime in November of 2000.

### **Class I Child Care Homes**

It was discussed that voucher guidelines do not allow a compromise for parents with school age children regarding the switching of child care providers in light of EHB 1374-1996. The Board entertained the notion that this piece of legislation has had a great impact on providers and on the families that are in their care (it allows certain children to be enrolled in licensed child care homes for 285 days a year but forces families to find alternative summer care for those children during the remaining 80 days of the year).

The Board agreed that voucher parents are allowed to change child care providers only three times while receiving vouchers but are compelled to do so more often as a result of EHB 1374-1996. The Board also agreed that parents should not be forced to use up their allotment of moves so quickly by having to move their children from a current provider, to a summer one, and then back again.

The Board then discussed a possible licensing remedy with regards to this issue. It was discussed that EHB 1374-1996 could be modified to allow a Class I-A license for providers who wish to keep additional children on a year-round basis. Requirements for a Class I-A license would need to be established regarding: 1) space; 2) staff; 3) age-appropriate activities; and 4) professional development.

The Board received two pieces of prospective legislation sponsored by Representative Tincher regarding Class I child care homes.

### **Class II Child Care Homes**

The Board discussed that it is no longer possible to run a Class II child care home in Indiana, and asked for clarification regarding this matter. FSSA stated that applications to run such homes have not been accepted since 1996, and that any Class II home established during this time has been grandfathered into current statute. FSSA then explained that one of the differences between a Class I and a Class II home relates specifically to capacity (i.e., Class I capacity is 12 children and Class II capacity is 16 children).

The Board addressed topics related to Class II child care homes and the requirement that a

person who runs such a home be compelled to live within the structure. The Board discussed that if such a requirement were to be removed, a more effective utilization of Class II child care homes could be realized (there are less than 100 such homes operating currently in Indiana).

The Board received a piece of prospective legislation sponsored by Representative Tincher regarding Class II child care homes.

## **Playground Safety**

FSSA's playground audit program and its recent moratorium were discussed, and it was determined that the moratorium is by no means permanent. It was reiterated that the reason FSSA chose to establish a moratorium was to gather public input into the process of complying with Federal guidelines, and to provide financial options to day care facilities.

The tracking of non-licensed daycare facilities regarding injuries due to playground equipment was discussed, and it was determined that FSSA has no way of tracking such data other than relying on self-reported figures.

The Board then discussed child care facility playground equipment standards and a recent federal report by the *US Consumer Product Safety Commission* which establishes suggested guidelines for public playground safety. FSSA explained that the State already has playground equipment standards set, and that a need exists to ensure their consistent application. Certain members of the Board indicated that they would be prepared to introduce legislation next session regarding this topic.

It was also discussed that although the safety of children is paramount, certain expenses may not be necessary with regards to the federal report in question. The Board discussed the possibility of additional monies from the State to help day care facilities meet these guidelines if necessary. The Board discussed certain centers that have been accredited by the *National Association for the Education of Young Children* but are not in compliance with the guidelines contained in the federal report.

## **Immunization**

The Board discussed immunization requirements for child care, and certain members stated that they plan to introduce legislation next year regarding this topic. FSSA responded that federal regulations exist regarding immunization requirements for voucher children through CCDF, and that any such child should be vaccinated appropriately. FSSA then indicated that it is developing a mechanism to ensure compliance, and that information regarding this topic should be forthcoming.

It was further discussed that licensed regulated homes and centers, and registered ministries that receive CCDF and Temporary Assistance for Needy Families (TANF) grants are required to ensure proper immunization for all children being served.

FSSA takes appropriate measures to ensure compliance for the above entities but does not ensure compliance for exempt entities such as licensed exempt in-home and licensed exempt family care providers.

## **Latch Key Program**

The Board discussed the Latch Key Program and DOE's involvement regarding the oversight of before- and after-school-age care programs in the schools. DOE stated that it has a limited role concerning the Latch Key Program, and that there is no specific authority given to DOE via the statute. In addition, DOE stated that it has not required school corporations to resubmit their Latch Key Program original policies.

In addition, the Board discussed the need for more regulation concerning school corporation Latch Key programs. Although Latch Key programs are not required to meet the specific standards of a licensed day care center, Board members agreed that some sort of oversight needs to be established.

The Chair entertained a motion to form an informal work group in order to study this issue and to prepare progress reports for the Board. The first progress report reflected the following items: 1) a review of issues raised over the past two years concerning before- and after-school-age care in public schools; 2) a recommendation that schools have a written contract with their provider(s) of before- and/or after-school-age care programs operating in the schools; 3) the charge of the Informal Work Group; and 4) the possibility of further meetings with additional members representing various entities interested in child care.

In addition, the Board received suggestions regarding the possibility of legal interpretation of the statute which exempts before- and after-school-care programs from licensure.

Ms. Clippinger's progress report from the Latch Key Program Informal Work Group generated discussion by the Board regarding the following topics: 1) contracts with outside entities that operate before- and/or after-school programs in public schools; 2) exemption from licensing for before- and/or after-school programs in public schools; and 3) the presumption that school settings are satisfactorily regulated concerning child care safety and well-being.

DOE indicated that legislation would likely be required as opposed to the promulgation of rules by the Department of Education in order to require written contracts with provider(s) of before- and/or after-school care programs operating within schools.

## **Licensing Requirements and Government Subsidies**

The topics of licensing requirements and government subsidies were discussed. FSSA provided the Board with financial data regarding government subsidies such as CCDF, and a breakout of the data based on legally exempt and licensed facilities. The Board discussed the possibility of government subsidies being conditionally based on safety standards.

In addition, discussion regarding licensed day care providers and the help they need to implement higher safety standards was entertained by the Board. The Chair indicated that the Board will address this concern in its final recommendations.

## **National Health and Safety Standards**

Indiana University's Early Childhood Center provided a presentation of Indiana's child care licensing and registration requirements in comparison to the *National Health and Safety*



*Performance Standards: Guidelines for Out-of-Home Child Care Programs* created by the U.S. Department of Health and Human Services. The Center indicated that the study (i.e., *Healthy Child Care America, Indiana Initiative*) was completed by the Indiana Parent Information Network, Inc. and the Indiana Institute on Disability and Community, Indiana University.

### **Special Needs Child Care**

The Board addressed the issue of special needs daycare for children of elementary school age through early adolescence. It was discussed that there are many unmet needs regarding daycare for certain children. The Wood's Enrichment Center, Michigan City stated that: 1) there exists a continued lack of care for special needs children in child care settings; 2) unique problems exist for parents of children with needs such as tube feeding and tracheal tube maintenance; and 3) the amount of time and skill required to assist special needs children is often prohibitive with regards to accepting such children into a child care setting.

### **Seclusion and Restraint**

The Board discussed seclusion and restraint in child care settings as well as related pending federal legislation.

The Board addressed the Children's Health Act of 2000 and its specific components concerning the use of seclusion and restraints in treatment facilities for children and youth. The Board discussed that Congress recently passed H.R. 4365 (the Children's Health Act of 2000), and that the President of the United States is likely to sign it (the Act requires each state to promulgate rules governing the use of seclusion and restraint guidelines in their respective child care facilities).

The Board also reviewed the following material related to seclusion and restraint issues: 1) an overview of H.R. 4365 including its provisions for non-medical community-based facilities for children; 2) a position statement by IARCCA an Association of Children and Family Services regarding seclusion and restraints; 3) a "best practice" guidelines sheet regarding seclusion and restraint; and 4) a copy of Indiana child caring institution rules concerning reporting requirements, confinement rooms, and mechanical restraints.

### **Subsidies for Child Care**

The Board was presented the following recommendations by the Executive Director of Bridgepointe Center regarding state funding for child care and child care subsidies.

1. The General Assembly should approve a state budget line item to support quality child care funding with a portion designated for children with special needs.
2. Family income eligibility guidelines for child care subsidy should be increased for the working poor, and to include families of children with special needs.
3. Child care subsidies should provide higher reimbursement rates since present rates are not covering costs of providing child care.
4. Indiana should develop a tiered reimbursement scale allowing accredited or specialized programs to receive a higher rate of reimbursement.

The Board also received material regarding childcare services in Clark, Floyd, and Harrison counties.

## **Commission and Public Discussion of Prospective Legislation and Recommendations.**

### *Background Information of Potential Day Care Providers*

The Board received testimony by the public concerning the health and safety of children in child care homes, and the lack of appropriate mechanisms to access background information of potential care givers. The Board communicated to the public that it is in the process of studying the Arkansas child abuse and reporting legislation, and that it is committed to acting quickly.

By consent, the Board voted to add the following language to its recommendations in the final report: *the Board commits to working diligently with parents to address their concerns with being able to access information with regard to abuse or neglect charges against caregivers of their children.*

### *Class I Child Care Homes*

It was decided by the Board that Representative Tincher's proposed legislation regarding Class I child care homes (PD 3087 and PD 3088) would be combined into one bill draft to be voted on at the final meeting.

### *Class II Child Care Homes*

It was decided by the Board that Representative Tincher's proposed legislation regarding Class II child care homes would be modified slightly to be voted on at the final meeting.

### *School Latch Key Program*

Representative Crawford distributed proposed legislation (PD 3383) regarding School Latch Key Programs requiring the contract between a school corporation and an entity providing a program of before and after school care to be in writing. The bill draft was voted to be placed as a recommendation in the Board's final report by consent.

### *Minimum Standards for Child Care Providers*

Representative Budak distributed proposed legislation (PD 3454) regarding minimum standards providing that a child care provider is ineligible to receive reimbursement through the CCDF voucher program unless the provider meets certain standards. The bill draft will be modified to be voted on at the final meeting.

### *Board for the Coordination of Child Care Regulation*

The Chair distributed language that would extend the Board's life to November, 2004. The

Board approved the above language, and voted by consent to have a bill draft completed to be included in the final report as a recommendation.

*Feasibility Study by FSSA regarding Tier Licensing and Reimbursement*

The Chair distributed proposed legislation (PD 3457) regarding a tier licensing and reimbursement feasibility study to be conducted by FSSA. The Board decided to hold the bill draft as not to impede FSSA's current study.

**V. BOARD FINDINGS AND RECOMMENDATIONS**

*Fourth Meeting (October 17, 2000)*

**1) Background Information of Potential Caregivers**

The Board commits to working diligently with parents to address their concerns with being able to access information with regard to abuse or neglect charges against caregivers of their children.

The above language was voted to be placed in the final report as a recommendation by the Board.

Final Vote: 11-0

**2) PD 3383 - School Latch Key Programs**

PD 3383 requires the contract between a school corporation and an entity providing a program of before and after school care to be in writing.

The above bill draft was voted to be placed in the final report as a recommendation for introduction by the Board.

Final Vote: 11-0

**3) Legislation Regarding the Board for the Coordination of Child Care Regulation**

This prospective legislation (no PD # was assigned at the time of the vote) extends for three years the expiration of the Board, and allows the Board to meet at any time during the calendar year.

The above bill draft was voted to be placed in the final report as a recommendation for introduction by the Board.

Final Vote: 11-0

*Fifth Meeting (October 23, 2000)*

**1) Tiered Reimbursement**

The Board recommends that FSSA pursue the development of a tiered reimbursement system. The tiered reimbursement system should provide for higher payments to providers who meet more than minimum requirements of licensure, education, child-staff ratios, health and safety, and other aspects of improving child care and child development than to providers who meet only minimum requirements.

The above language was voted to be placed in the final report as a recommendation by the Board.

Final Vote: 14-0

## **2) Playground Safety**

The Board acknowledges that there are numerous safety issues in all child care playground situations, and in addition there are significant fiscal concerns in addressing these safety issues. Therefore the Board encourages that FSSA complete its promulgated rule process that allows for transitional plans, and to provide technical assistance in the implementation of these rules. The Board strongly advocates that all child care providers accepting government subsidies comply with the playground safety rules promulgated by FSSA.

The above language was voted to be placed in the final report as a recommendation by the Board.

Final Vote: 14-0

## **3) Seclusion and Restraint**

The Board encourages that Indiana implement H.R. 4365 (the Children's Health Act of 2000), and also encourages that FSSA will not attempt to do so without input by the affected communities.

The above language was voted to be placed in the final report as a recommendation by the Board.

Final Vote: 14-0

## **4) Latchkey Programs**

The Board recognizes the need to evaluate the provision of child care in Indiana in a process that is both comprehensive and inclusive, particularly with respect to Latch Key Programs and to children with special needs.

The above language was voted to be placed in the final report as a recommendation by the Board.

Final Vote: 14-0

## **5) Subsidies for Child Care**

Recognizing the critical impact of child care to the economic growth of Indiana, the Board recommends that family income eligibility guidelines for child care subsidy should be increased for the working poor, and to include families of children with special needs.

The above language was voted to be placed in the final report as a recommendation by the Board.

Final Vote: 14-0

#### **6) PD 3523 - Class I Child Care Homes**

PD 3523 allows a Class I child care home to serve a school age child during a break in the school year that exceeds four weeks under certain circumstances. The Board agreed to suggested changes in the bill regarding certain criteria and child care home requirements.

The above bill draft was then voted to be placed in the final report as a recommendation for introduction by the Board.

Final Vote: 14-0

#### **7) PD 3533 - Class II Child Care Homes**

PD 3543 removes the requirement that a person reside in a child care home to qualify for a license to operate a Class II child care home.

The above bill draft was voted to be placed in the final report as a recommendation for introduction by the Board.

Final Vote: 14-0

#### **8) Legislation Regarding Indiana's Child Abuse Registry**

This prospective legislation (no PD # was assigned at the time of the vote) allows a person, upon submitting a consent for release of information signed by a child care provider, to access certain information in the child abuse registry regarding a child care provider. The Board agreed to suggested changes in the language regarding the definition of "child care provider" and who would be subject to the law.

The above bill draft was voted to be placed in the final report as a recommendation for introduction by the Board.

Final Vote: 14-0

#### **9) PD 3522 - Child Care Development Fund Voucher Program**

PD 3522 provides that a child care provider is ineligible to receive reimbursement through the federal Child Care Development Fund (CCDF) voucher program unless the provider meets certain standards. The Board agreed to suggested changes in the bill regarding technical items.

The above bill draft was voted to be placed in the final report as a recommendation for introduction by the Board.

Final Vote: 13-1

## **WITNESS LIST**

- 1) Ms. Kathryn Azhar  
President of Infant Day Care, Inc.  
President of Home Care Support, Inc.
- 2) Ms. Ann Brooks  
Vice-President, Providers' Link Association
- 3) Ms. Amy Brown  
Legislative Liaison, Family and Social Services Administration
- 4) Mr. Keith Carver  
Licensing Supervisor, Family and Social Services Administration
- 5) Ms. Patricia Cole  
Indiana Institute on Disability and Community at Indiana University - Bloomington
- 6) Mr. and Mrs. Gibbons  
Child Day Care Consumers
- 7) Ms. Cathleen Graham  
IARCCA an Association of Children and Family Services
- 8) Ms. Keri Jensen  
Secretary, Providers' Link Association
- 9) Ms. Caren Marshall  
Executive Director, Bridgepointe Center
- 10) Ms. Susan Preble  
Legislative Liaison, Family and Social Services Administration
- 11) Mr. Terry Spradlin  
Legislative Liaison, Department of Education
- 12) Ms. Courtney Tobin  
General Counsel, Indiana Development Finance Authority
- 13) Ms. Patricia Van Leuven  
Outcome/Quality Assurance Specialist, Fort Wayne Women's Bureau  
(testimony via e-mail message)
- 14) Ms. Dianna Wallace  
Director, Teacher Education and Compensation Helps Early Childhood Project
- 15) Ms. Sandy Walrod  
Child Day Care Consumer